

Received & Inspected



CONSULTING

GWNW CONSULTING, INC.
 3220 Pleasant Run
 Springfield, IL 62707
 (217) 698-2700 (Tel.)
 (217) 698-2715 (Fax)
 www.gwnw.com

JUL - 1 2014

FCC Mail Room

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June 27, 2014

Marlene H. Dortch, Secretary
 Federal Communications Commission
 Office of the Secretary
 445 Twelfth Street S.W.
 Room 5-A225
 Washington, D.C. 20554

**RE: FCC FORM 481 – CARRIER ANNUAL REPORTING DATA COLLECTION
 CONFIDENTIAL FINANCIAL INFORMATION - SUBJECT TO PROTECTIVE
 ORDER IN WC DOCKET NOS. 10-90, 07-0135, 05-337, 03-109, CC DOCKET NOS. 01-
 92, 96-45, GN DOCKET NO. 09-51, WT DOCKET NO. 10-208, BEFORE THE FEDERAL
 COMMUNICATIONS COMMISSION (FILED IN DOCKETS 14-58) AND
 CONFIDENTIAL FINANCIAL INFORMATION FILED PURSUANT TO SECTIONS
 .457 AND .459 OF THE FEDERAL COMMUNICATIONS COMMISSION RULES**

Dear Ms. Dortch,

McDonald Telephone Company (McDonald) hereby submits the attached redacted and confidential versions of its "FCC Form 481 – Carrier Annual Reporting Data Collection" financial information pursuant to sections §54.313 and §54.422 of the Commission's rules, as filed with the Universal Service Administrative Company.

Section 3005 of Form 481 requires the filing of financial information per 47 C.F.R. §54.313(f)(2). McDonald maintains that this information is "Confidential Financial Information" on the grounds that it is competitively sensitive information which could be used to disadvantage or harm McDonald, and is submitting this information pursuant to Protective Order, DA 12-1857 as described below. In addition, McDonald is requesting confidential treatment pursuant to sections 0.457 and 0.459 of the Commission's rules for the Five-Year Service Quality Improvement Plan that is required by section 54.313(a)(1) to be attached to this report. Similar to the financial information submitted under section 54.313(f)(2), the information contained in the Five-Year Service Quality Improvement Plan contains competitively sensitive information, including but not limited to projected build-out plans and capital expenditures, that is secure from public access that could be used by a competitor to disadvantage or harm McDonald.

ALL COPIES read
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First, McDonald is submitting the 54.313(f)(2) "Confidential Financial Information" as a "Stamped Confidential Document" with each page bearing the legend CONFIDENTIAL FINANCIAL INFORMATION - SUBJECT TO PROTECTIVE ORDER IN WC DOCKET NOS. 10-90, 07-0135, 05-337, 03-109, CC DOCKET NOS. 01-92, 96-45, GN DOCKET NO. 09-51, WT DOCKET NO. 10-208, BEFORE THE FEDERAL COMMUNICATIONS COMMISSION and also submitting the .457 and .459 "Confidential Financial Information" as a "Stamped Confidential Document" with each page labeled "CONFIDENTIAL - NOT FOR PUBLIC INSPECTION". One copy of the "Stamped Confidential Document(s)" and accompanying cover letter are enclosed.

Second, McDonald is submitting the "Stamped Confidential Document(s)" as a "Redacted Confidential Document" where the "Confidential Financial Information" has been redacted. Two copies of the "Redacted Confidential Document(s)" and accompanying cover letter with each page labeled "REDACTED - FOR PUBLIC INSPECTION" are enclosed.

Finally, McDonald is submitting two copies of the "Stamped Confidential Document(s)" and accompanying cover letter to Charles Tyler, Telecommunications Access Policy Division, Wireline Competition Bureau, Federal Communications Commission, 445 Twelfth Street S.W., Room 5-A452, Washington, D.C. 20554.

Please contact me with any questions you have on this filing.

Sincerely,
/s/ Dave Beier

Dave Beier
Consulting Manager
GVNW Consulting, Inc.
(217) 698-2700
dbeier@gvnw.com

Enclosures

McDonald County Telephone

421912 M 0112

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FIVE YEAR SERVICE QUALITY IMPROVEMENT PLAN

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PREAMBLE

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McDonald County Telephone ("McDonald") has carefully developed its improvement plan, concentrating on the delivery and continuation of a robust network which provides, at a minimum, the federally required voice and broadband connectivity as stipulated by regulatory rule.

McDonald advises that this improvement plan has been carefully crafted, matching measured network deployment, improvement and quality service levels with known financial implications of the Transformation Order upon the Company's support cash-flows. The uncertainty of such cash flows being received in later years as a result of current and potential regulatory action on rural rate-of-return carriers has resulted in the Company taking a balanced, yet realistic, approach.

The environment in which the Company operates remains dynamic, not static. As a result, McDonald reserves the opportunity to modify its plan in response to changing market demands as well as future regulatory decisions, and their impacts upon the Company's financial viability in providing quality services.

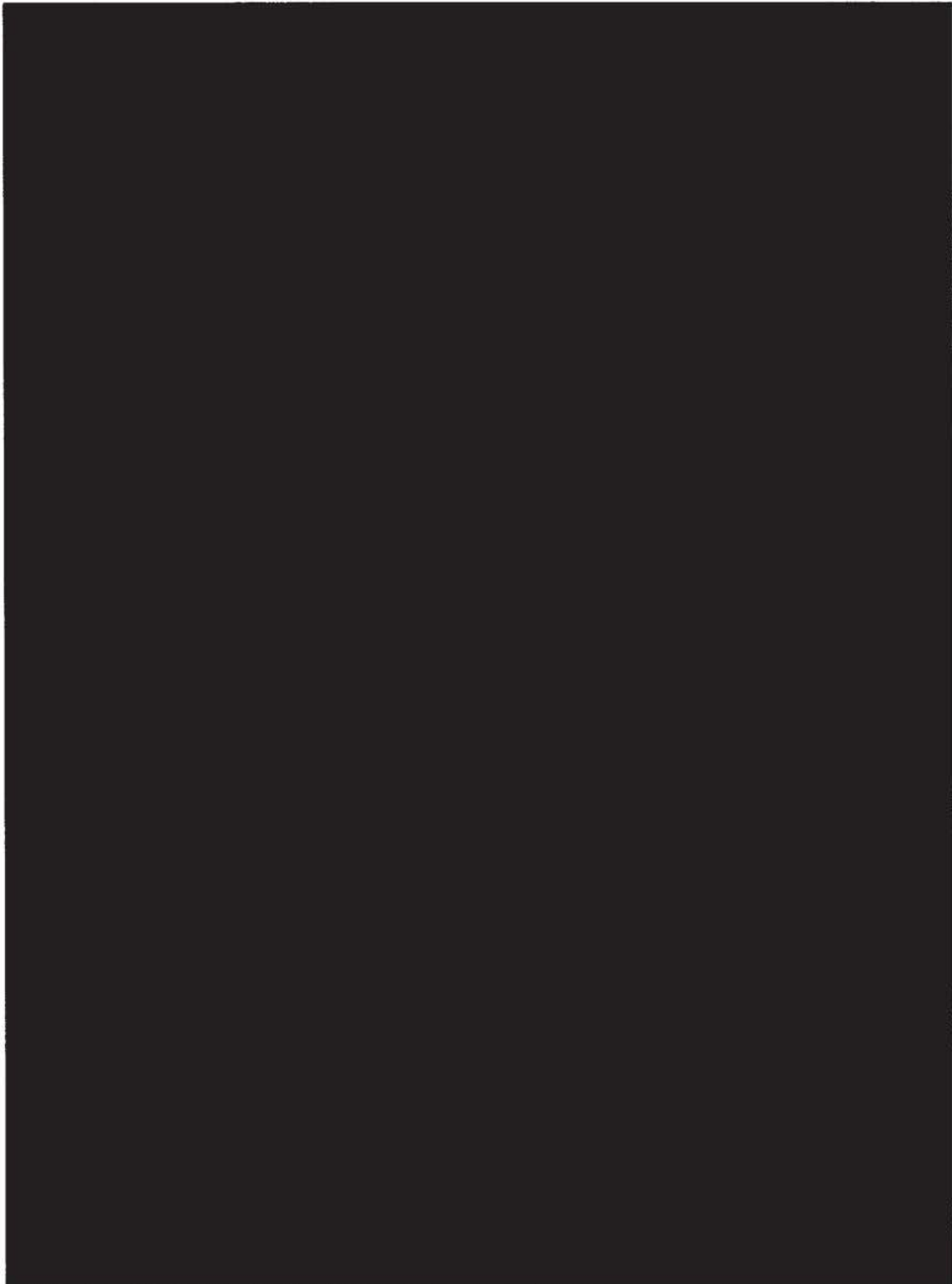
McDonald will re-evaluate this plan on an annual basis. Action, however, may also be taken abruptly on the presented plan for both current and later years in the event of evolving regulatory conditions and/or changes in technology (vendor)-driven support. All adjustments to the improvement plan in this document will be reflected and explained in subsequent annual reports.



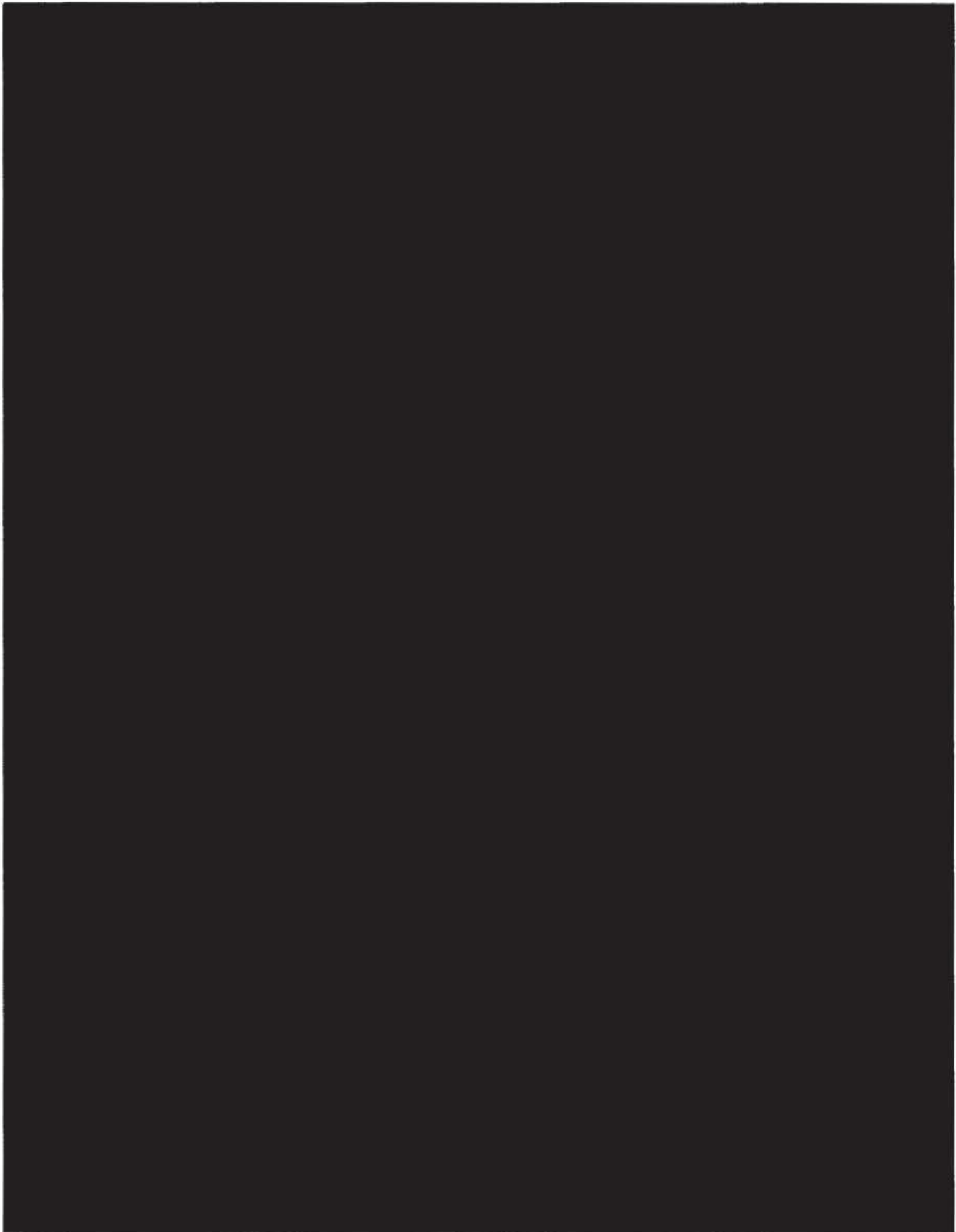
McDonald County Telephone



McDonald County Telephone



McDonald County Telephone



McDonald County Telephone



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BALANCE SHEET - DEBIT		BALANCE SHEET - CREDIT	
ACCOUNT	AMOUNT	ACCOUNT	AMOUNT
1. Cash and Equivalents		20. Accounts Payable	
2. Cash-BUS Construction Fund		21. Notes Payable	
3. Allowance		22. Advances, Billings and Payments	
4. Other Assets		23. Current Deposits	
5. Other Assets		24. Current Mkt. LT Debt	
6. Other Assets		25. Current Mkt. LT Debt-Bus. Dev.	
7. Other Assets		26. Income Taxes Current	
8. Other Assets		27. Other Taxes Current	
9. Other Assets		28. Other Current Liabilities	
10. Other Assets		29. Total Current Liabilities (23 thru 28)	
11. Other Assets		30. Other Assets	
12. Other Assets		31. Other Assets	
13. Other Assets		32. Other Assets	
14. Other Assets		33. Other Assets	
15. Other Assets		34. Other Assets	
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22. Other Assets		41. Other Assets	
23. Other Assets		42. Other Assets	
24. Other Assets		43. Other Assets	
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26. Other Assets		45. Other Assets	
27. Other Assets		46. Other Assets	
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97. Other Assets		116. Other Assets	
98. Other Assets		117. Other Assets	
99. Other Assets		118. Other Assets	
100. Other Assets		119. Other Assets	
101. Other Assets		120. Other	

<010> Study Area Code	<010> 421912
<015> Study Area Name	<015> McDonald County
<020> Program Year	<020> 2013
<030> Contact Name - Person USAC should contact regarding this data	<030> Andy Schein, GVNW Consulting Inc.
<035> Contact Telephone Number - Number of person identified in data line <030>	<035> 719-594-5820
<039> Contact Telephone Email Address - Email Address of person identified in data line <030>	<039> aschein@gvnw.com

PART B. STATEMENTS OF INCOME AND RETAINED EARNINGS OR MARGINS	
ITEM	
1. Local Network Services Revenues	
2. Network Access Services Revenues	
3. Long Distance Network Services Revenues	
4. Carrier Billing and Collection Revenues	
5. Miscellaneous Revenues	
6. Uncollectible Revenues	
7. Net Operating Revenues (1 thru 5 less 6)	
8. Plant Specific Operations Expense	
9. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)	
10. Depreciation Expense	
11. Amortization Expense	
12. Customer Operations Expense	
13. Corporate Operations Expense	
14. Total Operating Expenses (8 thru 13)	
15. Operating Income or Margins (7 less 14)	
16. Other Operating Income and Expenses	
17. State and Local Taxes	
18. Federal Income Taxes	
19. Other Taxes	
20. Total Operating Taxes (17+18+19)	
21. Net Operating Income or Margins (15+16-20)	
22. Interest on Funded Debt	
23. Interest Expense - Capital Leases	
24. Other Interest Expense	
25. Allowance for Funds Used During Construction	
26. Total Fixed Charges (22+23+24-25)	
27. Nonoperating Net Income	
28. Extraordinary Items	
29. Jurisdictional Differences	
30. Nonregulated Net Income	
31. Total Net Income or Margins (21+27+28+30-26)	
32. Total Taxes Based on Income	
33. Retained Earnings or Margins Beginning-of-Year	
34. Miscellaneous Credits Year-to-Date	
35. Dividends Declared (Common)	
36. Dividends Declared (Preferred)	
37. Other Debits Year-to-Date	
38. Transfers to Patronage Capital	
39. Retained Earnings or Margins end-of-Period ((31+33+34)-(35+36+37+38))	
40. Patronage Capital Beginning-of-Year	
41. Transfers to Patronage Capital	
42. Patronage Capital Credits Retired	
43. Patronage Capital End-of-Year (40+41-42)	
44. Annual Debt Service Payments	
45. Cash Ratio ((14+20-10-11)/7)	
46. Operating Accrual Ratio ((14+20+26)/7)	
47. TIER ((31+26)/26)	
48. OSCR ((31+26+10+11)/44)	

<010> Study Area Code
<015> Study Area Name
<020> Program Year
<030> Contact Name - Person USAC should contact regarding this data
<035> Contact Telephone Number - Number of person identified in data line <030>
<039> Contact Telephone Email Address - Email Address of person identified in data line <030>

<010> 421912
<015> McDonald County
<020> 2013
<030> Andy Schein, GVNW Consulting Inc.
<035> 719-594-5820
<039> aschein@gvnw.com

PART C. STATEMENTS OF CASH FLOWS	
1.	Beginning Cash (Cash and Equivalents plus RUS Construction Fund)
CASH FLOWS FROM OPERATING ACTIVITIES	
2.	Net Income
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities	
3.	Add: Depreciation
4.	Add: Amortization
5.	Other (Explain) <u>Deferred Income Tax</u>
Changes in Operating Assets and Liabilities	
6.	Decrease/(Increase) in Accounts Receivable
7.	Decrease/(Increase) in Materials and Inventory
8.	Decrease/(Increase) in Prepayments and Deferred Charges
9.	Decrease/(Increase) in Other Current Assets
10.	Increase/(Decrease) in Accounts Payable
11.	Increase/(Decrease) in Advance Billings & Payments
12.	Increase/(Decrease) in Other Current Liabilities
13.	Net Cash Provided/(Used) by Operations
CASH FLOWS FROM FINANCING ACTIVITIES	
14.	Decrease/(Increase) in Notes Receivable
15.	Increase/(Decrease) in Notes Payable
16.	Increase/(Decrease) in Customer Deposits
17.	Net Increase/(Decrease) in Long Term Debt (Including Current Maturities)
18.	Increase/(Decrease) in Other Liabilities & Deferred Credits
19.	Increase/(Decrease) in Capital Stock, Paid-in Capital, Membership and Capital Certificates & Other Capital
20.	Less: Payment of Dividends
21.	Less: Patronage Capital Credits Retired
22.	Other (Explain) <u>Transfer of investments and advances to affiliates, net</u>
23.	Net Cash Provided/(Used) by Financing Activities
CASH FLOWS FROM INVESTING ACTIVITIES	
24.	Net Capital Expenditures (Property, Plant & Equipment)
25.	Other Long-Term Investments
26.	Other Noncurrent Assets & Jurisdictional Differences
27.	Other (Explain) <u>Cash Value Life Ins</u>
28.	Net Cash Provided/(Used) by Investing Activities
29.	Net Increase/(Decrease) in Cash
30.	Ending Cash